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FEDERAL COMMUNICATIONS COMMISSION  
OFFICE OF THE SECRETARY

Honorable Russell D. Feingold  
United States Senate  
B40-1 Dirksen Senate Office Building  
Washington, D.C. 20510

93-253

Dear Senator Feingold:

This in reply to your letter of August 4, 1993, on behalf of your constituent, Mr. Charles Lem. Mr. Lem is concerned about the impact of recent legislation on the Cellular Radio Service and the Interactive Video and Data Service (IVDS). Your letter was referred to me because the Office of Plans and Policy is responsible for implementing the competitive bidding provisions of the Budget Act.

On August 10, 1993, President Clinton signed the Omnibus Budget Reconciliation Act of 1993 (Budget Act). The Budget Act affected the Commission by, among other things, limiting the Commission's lottery authority and granting the Commission authority to conduct auctions of the spectrum (competitive bidding). Further, the Budget Act provides the Commission with the option to subject radio service applications that were accepted for filing prior to July 26, 1993, to either lottery or competitive bidding. With this in mind, the Commission conducted a lottery on September 15, 1993, for the first nine IVDS service areas because all the IVDS applications were accepted for filing prior to July 26, 1993.

In addition, the Budget Act, signed August 10, 1993, provided the Commission with 210 days from its date of enactment, or March 8, 1994, to issue final rules concerning competitive bidding. Accordingly, on September 23, 1993, the Commission initiated a rule making proceeding to implement the competitive bidding provisions of the Budget Act. Notice of Proposed Rule Making (Notice), ~~PP Docket~~ 93-253 (adopted September 23, 1993, released October 12, 1993). The Notice proposed, among other things, to subject cellular radio applications for unserved areas and future IVDS applications to competitive bidding. In addition, the Commission proposed certain investment incentives, such as installment payment plans with interest, for small businesses and other entities designated by the Budget Act in order to ensure their economic opportunity under a system of competitive bidding. The public, including your constituents, are invited to submit comments to this proceeding by November 10, 1993, and reply comments by November 24, 1993. I can assure you that the Commission will give full consideration to all comments filed in the competitive bidding rule making proceeding.

Sincerely,

Robert Pepper  
Chief  
Office of Plans and Policy

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RUSSELL D. FEINGOLD  
WISCONSIN

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**United States Senate**  
WASHINGTON, DC 20510-4904

*CCF  
lottery  
cellular  
3906*

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August 4, 1993

Office of the Congressional Liaison  
Federal Communications Commission  
1919 M St N.W.  
Washington, D.C. 20554

Dear Congressional Liaison,

Recently, a number of citizens from the state of Wisconsin have raised concerns about proposals to auction off frequencies from the radio spectrum. Primarily, these people are concerned about the time and resources they have invested in various projects with the assumption that the FCC would utilize a lottery system. I am interested in how the FCC plans to handle individuals and small firms that find themselves in this situation.

I have enclosed a copy of a letter I received which outlines these concerns. I would greatly appreciate it if you would forward any information you may have concerning this issue to Andy Kutler of my legislative staff so that he may in turn forward that information to these individuals.

Thank you in advance to your attention to this matter.

Sincerely,



Russell D. Feingold  
United States Senator

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S335

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4463 Crescent Road  
Madison, WI 53711  
June 24, 1993

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1993 JUN 28 PM 2:38

The Honorable Russ Feingold  
502 Hart Senate Building  
Washington, D. C. 20510

Re: Amendments of S.335

Dear Senator Feingold:

I am writing to urge you to consider amending Subtitle A of the budget bill as reported by the Senate Commerce Committee so that those applications already on file with the FCC and, in particular, those for which the FCC has already held a lottery can be processed pursuant to a lottery rather than an auction. Without this amendment the procedures for awarding frequencies would be changed mid-stream and disrupt the orderly licensing of communication services.

Along with several colleagues, I have invested thousands of dollars in legal engineering and FCC filing fees to file for Cellular Telephone Fill-In and Interactive Television frequencies. We made this investment on the assumption these frequencies would be awarded on a lottery basis as they have in the past. We are not speculators in this lottery, but intend to construct and operate these facilities should they be awarded to our group. In fact many of these frequencies are now available because the original holders did not develop them. The companies we hope to establish would employ additional workers and help stimulate the economy of our State.

The Budget Bill (S.335) requires the FCC to utilize an auction process rather than a lottery process to award these frequencies. The bill exempts broadcasters and non-profit companies from the auction process. As drafted, the bill would also subject to auction those applications, such as ours, for frequencies which have been previously filed.

Please consider supporting the enclosed amendment which would apply the new auction authority only to future applications for radio frequencies.

Sincerely,



Charles Lem